

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter:

PURCHASED GAS ADJUSTMENT)
FILING OF LOUISVILLE GAS) CASE NO. 8616-A
AND ELECTRIC COMPANY)

O R D E R

On March 2, 1983, the Commission issued its Order in Case No. 8616, approving certain adjustments in the rates of Louisville Gas and Electric Company ("LG&E") and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or refunds are received.

On March 4, 1983, LG&E notified the Commission that it had received a refund and a decrease in the wholesale cost of gas purchased from its supplier, Texas Gas Transmission Corporation ("Texas Gas").

After reviewing the notice filed in this case and being advised, the Commission is of the opinion and finds that:

(1) On February 16, 1983, Texas Gas filed with the Federal Energy Regulatory Commission, decreased rates to become effective February 1, 1983, to give effect to revisions in the rates of three of its pipeline suppliers.

(2) The annual amount of this decrease is \$1,645,900 of which \$48,595 is applicable to gas used for the Electric

Department fuel and \$1,597,305 is applicable to LG&E's gas customers. The result is a downward adjustment in the purchased gas adjustment of 3.23 cents per Mcf, or .323 cents per 100 cubic feet, which is proper to give effect to the Texas Gas decrease.

(3) LG&E proposed to place the decreased rates into effect on April 1, 1983. Because the rates filed by Texas Gas were retroactive, LG&E was unable to make a timely filing with this Commission. Therefore, LG&E will have a refund obligation in connection with purchases from Texas Gas for the months of February and March 1983.

(4) The estimated refundable amount to LG&E's gas customers is \$283,059, after reduction of \$5,606 for that portion applicable to gas used as Electric Department fuel. LG&E proposed to establish a refund factor of .057 cents per 100 cubic feet effective April 1, 1983, and continuing for 12 months or until such refund obligation has been discharged. LG&E also proposed to adjust the refundable amount of \$283,059 upward or downward, as the case may be, when actual figures are available.

(5) LG&E should refund the amount reported in its application plus interest at a rate equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

(6) The purchased gas adjustment of LG&E shall be adjusted to the following, effective April 1, 1983:

PGA corresponding to Base Supplier Rate	(.323)¢
Refund Factor effective December 1, 1981, and continuing for 12 months or until company has discharged its refund obligation from Case No. 7799-E	(.074)
Refund Factor effective April 1, 1983, and continuing for 12 months or until company has discharged its refund obligation from Case No. 8616-A	<u>(.057)</u>
Total Adjustment Per 100 Cubic Feet	(.454)¢

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by LG&E as set out in Finding (6) above be and it hereby is approved effective with gas supplied on and after April 1, 1983.

IT IS FURTHER ORDERED that LG&E shall apply a refund factor in the amount of .057 cents per 100 cubic feet of gas as reduction in the purchased gas adjustment beginning on April 1, 1983, and remaining in effect until such time as the amount refunded equals the refundable amount herein plus interest.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, LG&E shall file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of LG&E the base rate for purchased gas shall be:

Monthly Demand
Charge

Commodity
Charge

Texas Gas Transmission
Corporation

Rate G-4

\$6.91

361.49¢

Done at Frankfort, Kentucky, this 18th day of March, 1983.

PUBLIC SERVICE COMMISSION

Lynn Shull
Chairman

Sethanne Randall
Vice Chairman

Ann Carigan
Commissioner

ATTEST:

Secretary